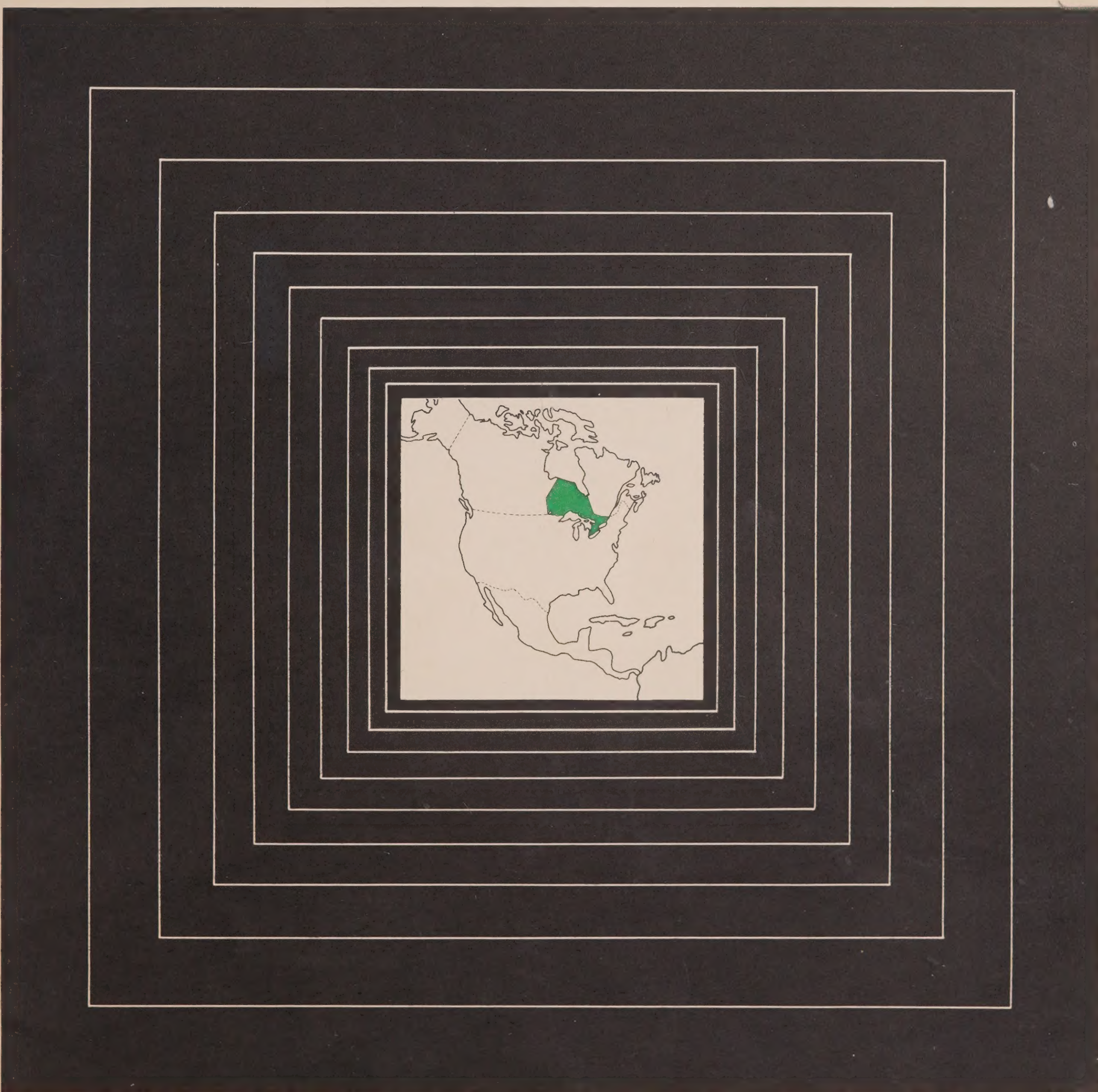
# DOING BUSINESS IN ONTARIO CANADA



Revised March 1974

# INTRODUCTION



This information is intended primarily as an introductory guide to companies considering the establishment of a business operation in the Province of Ontario, Canada.

The topics covered briefly represent the fundamental points on which the businessman seeks preliminary information. Subsequent detailed studies of specific factors and problems are advisable as plans are developed.

The Business Development Division of the Ministry of Industry and Tourism is primarily responsibie for industrial development in Ontario. A wide range of consulting services is available to interested companies from Ontario trade and industry offices established in many countries, backed up by head office services in Toronto and field offices throughout Ontario. Listed in Appendix A are the regional Ontario and international offices. Inquiries are welcomed at these offices or may be directed to the head office in Toronto.

The experienced consultant staff of the Industrial Development Branch works closely with community industrial development representatives. The Branch maintains complete municipal statistical data necessary for preliminary surveys of plant locations. It also provides conducted visits to selected areas and arranges visits with local representatives, provincial and federal authorities, banks, utilities, transportation companies, material sources etc., as required.

The businessman considering a manufacturing facility in Ontario is invited to take advantage of the comprehensive and confidential services available from Ontario's Ministry of Industry and Tourism. The company official will be helped to assemble information, assess the many factors and reach a decision in a practical, time-saving manner.

The facts presented herein reflect laws and regulations prevailing at the time of publication and are subject to change. It is advisable to confirm specific data with the Business Development Division of the Ministry of Industry and Tourism or with the other appropriate government agencies when undertaking actual projects.

TABLE OF CONTENTS

## BUSINESS CLIMATE

### Encouragement of Industry

The encouragement of sound industrial growth is of prime importance to both provincial and federal governments. An attractive investment climate is maintained, complemented by positive incentive measures geared to the needs of industry and to the requirements for a maximum rate of growth on the basis of available resources.

Participation in Ontario's expanding economy is welcomed through licensing and joint venture arrangements and the establishment of new manufacturing facilities. Numerous and extensive investment opportunities exist in manufacturing, petroleum and natural gas, mining and smelting. Foreign investment is restricted in some areas, such as finance, information media, transportation including aviation and coastal shipping, commercial fishing and certain professional activities. Acquisitions of Canadian companies by foreign interests may be subject in some cases to approval of the federal government.

Ontario has placed increased emphasis on industrial production in recent years, particularly for export. Canada participated actively in the Kennedy Round of tariff negotiations with a view to expanding the scope of industry from the domestic market into a broader international trading pattern. This was effected by obtaining reductions in other countries' tariffs and by Canada reducing its own tariffs on many imported items.

### Economic Growth

Canada's population grew to 21.9 million by April 1973 with that of Ontario reported at 7.8 million.

Canada's Gross National Product is expected to reach 114.3 billion dollars in 1973, compared to 38 billion dollars in 1960. Ontario accounts for 41 per cent of the country's Gross National Product and 54 per cent of all manufactured goods. Ontario ships 45 per cent of Canada's exports including 82 per cent of the fully manufactured exports. Ontario retail sales are forecast at 14.4 billion for 1973 which is 38 per cent of Canada's retail sales. During 1973 Ontario's per capita income is expected to exceed $4,800, about 17 per cent above the national average.

Ontario enjoyed a major share of Canada's economic expansion during the 1960's. A broadened industrial base and a growing competitiveness in world markets were developed, with a steady growth being achieved in personal income by the expanding skilled labour force.

### Advantages of Locating in Ontario

Ontario is situated in the middle of Canada's ten provinces. A rich endowment of natural resources, an increasing population with a growing skilled labour force and expanding domestic and foreign markets provide a foundation for efficient manufacturing and processing operations. The proximity of the vast market potentialities of the United States is an added inducement to locating manufacturing facilities in Ontario. Ontario-made products enjoy the benefit of Canada's tariff preferences in various parts of the British Commonwealth. (See section on "Customs".)

### Entry and Repatriation of Capital

Regulations affecting business and industry in this respect are exercised impartially for either domestic or foreign-controlled firms. Investors in Ontario are free to liquidate investments at any time and transfer the proceeds out of the country. Similarly, profits, dividends or royalties may be remitted at will subject to appropriate withholding tax.

### Foreign Ownership

While Canadian law does not require foreign firms to arrange Canadian financial participation, certain tax incentive measures are available to manufacturing and processing firms having a degree of Canadian ownership. (See section on "Taxes".)

The following paragraphs deal briefly with the fundamentals of provincial and federal legislation affecting the commencement of business in Ontario. More detailed publications are available for study and discussions with relevant authorities can be arranged. The legal services of a solicitor of his choice are normally retained by the businessman for guidance through the prescribed incorporation or licensing procedures.

## BUSINESS ORGANIZATION

### Forms of Business Organization

Four basic forms of business organization are provided by Canadian law. These are: 1. Proprietorship; 2. General partnership; 3. Limited partnership; 4. Corporation.

Non-residents are free to do business in any one of these forms, as well as in a branch type operation.

### Sole Proprietorship

An individual may enter into business in Ontario with a minimum of legal formalities, subject to licences that may apply to specific types of activities. The owner has sole responsibility for the operation and, in settlement of obligations, both his business assets and personal property may be attached.

If a sole proprietor elects to trade under a business name other than his own, or wishes to add such words as ''and company'', to his name, he must file such name with the local Registry Office of the community in which the business will be carried on.

### Partnerships

General partnerships and limited partnerships are available in Ontario. The principles relating to the rights and liabilities of partners are similar to those applying under the British and United States laws. The filing of a declaration signed by all partners, giving names, addresses, company name, capital contribution, division of profits and losses, rights of management etc. is required on registration with the local Registry Office of the community in which the business will be carried on.

Limited partners do not participate in the management of the firm, and are liable to the firm or its creditors only to the extent of their financial contribution. On the other hand, general partners are not only jointly liable (equal shares) for any debts, but are jointly and severally liable (each partner liable for the full amount).

### Public and Private Companies

In most cases under federal law, either a private or public company may be created. A public company is broader in scope than a private company, in that it may offer its capital shares or debentures for sale to the public, may have any number of shareholders, and its shares are transferable without restriction. A public company offering shares to the public must prepare a prospectus for distribution to the investing public and for filing with provincial and federal authorities.

A federal private company is limited to fifty shareholders, the transfer of shares is restricted, and it may not offer shares or debentures to the investing public.

### Incorporation Under Provincial Law

Under Ontario law no public or private company distinction exists. Corporations in Ontario fall into two categories, those which offer their securities to the public and those which do not. A factual test exists to determine whether or not a corporation falls into one or the other of these two categories. Ontario law deals differently with corporations which offer their securities to the public than with corporations which do not offer their securities to the public. The differences relate generally to shareholders' rights, the disclosure of public information, and whether or not the corporation may restrict the transfer of its shares. Corporations incorporated in Ontario are only required to have one shareholder. Corporations incorporated in Ontario which offer their securities to the public must have at least three directors, two of whom must not be officers or employees of the corporation or of any affiliate of the corporation.

The registration form of incorporation is used in Ontario by which a corporation is incorporated upon the filing of articles of incorporation and paying the requisite fee. Incorporation federally is under the letters patent system of incorporation by which a charter is granted to any number of persons, not less than three, constituting them a "body corporate and politic". For corporations chartered under Ontario law, the Business Corporation Amendment Act 1972, requires that effective October 1, 1973, a majority of the members of the boards of directors be Canadian citizens ordinarily resident in Canada and further, that in any financial year a majority of directors' meetings must be held in Canada.

## Incorporation Under Provincial Law

A company incorporated under Ontario laws must take out a licence in any other province in Canada in which it plans to do business or to own real property. An exception is the reciprocal arrangement between the provinces of Ontario and Quebec where licencing requirements are waived for a company incorporated in the other province. Generally, a licence can be obtained by filing an application with the proper provincial authority and paying the prescribed fee.

## Extra-Provincial Companies

All provinces in Canada require that foreign or extra-provincial companies be registered or hold a licence when "carrying on business" in their respective areas. The definition of "foreign" or "extra-provincial" company usually includes all companies other than those incorporated under a statute of the province in question.

Whether or not it is advisable to do business as an extra-provincial company rather than to incorporate in Ontario will depend on the nature, extent, and duration of the anticipated business activities.

## Incorporation Under Federal Law

Companies incorporated by letters patent under The Canada Corporations Act have the right to carry on business in all provinces of Canada and do not require an extra-provincial licence in order to carry on business in any province of Canada. Such companies are subject, however, to provincial laws of general application in respect to holding land in the province and with respect to provincially imposed taxes. Ontario requires such companies to register and obtain a licence in order to hold land in the province.

## Branch of Foreign Corporation

Foreign corporations may conduct business in Ontario through a branch operation without local incorporation. They are treated in the same way as a company incorporated in another province of Canada and are required to register and obtain a licence in accordance with Ontario laws. Where the corporation wishes to trade in Ontario under its own name, the name must first be cleared with the Companies Division of the Ministry of Consumer and Commercial Relations, prior to applying for a licence since Ontario law requires that the name must not be so similar to that of any corporation, individual or association as to be likely to deceive.

The choice as to whether to form a subsidiary corporation or to operate as a branch is usually based upon tax considerations, the expected profitability of the Ontario operation, dealings with the parent company and other factors. Legal and accounting assistance should be retained to guide businessmen towards the most suitable decision."

## LABOUR

### Labour Legislation

Labour legislation, as it applies to industry generally, is a responsibility of the Provincial Government, except that workers in industries within federal jurisdiction are subject to the Canada Labour (Standards) Code. Such industries are those of a national, international or inter-provincial nature, such as transportation, communications, canals, pipelines, etc.

### Employment Services

The Canada Manpower Division of the federal Department of Manpower and Immigration provides a comprehensive public employment service for all Canadian employers and workers and collects and publishes information on manpower supply and demand in all industries and occupations.

This service includes technical and financial assistance to employers in training, retraining and upgrading employees.

### Employment Standards Act

The Employment Standards Act provides for control of the following: (i) Hours of work; (ii) Overtime pay; (iii) Minimum wages; (iv) Equal pay for equal work; (v) Vacations with pay; (vi) Homeworkers; (vii) Wage protection.

### Unions

Freedom of association is guaranteed by legislation and employers are required to recognize and bargain with the trade union representing the majority of their employees. Wage rates, hours of work, fringe benefits and other aspects of working conditions including vacations and statutory holidays, are normally settled through collective bargaining.

### Hours of Work

In general, a five day, forty hour week is in effect. The minimum hourly wage in Ontario is presently $1.80.

### Vacation & Holidays

One week paid vacation after the first twelve months of employment and two weeks upon completion of each twelve months of employment thereafter are compulsory. Seven statutory holidays are mandatory. Time and one-half rates must be paid if employees are required to work on any such day. However, it is normal practice to provide eight paid holidays per year.

### Workmens Compensation

The Workmens Compensation Act extends to the workman protection for all accidents arising out of and in the course of employment. An employer is assessed annually at the rate appropriate for his industry, based on payroll records. Reporting payroll records is compulsory in industry.

### Unemployment Insurance

All employees in Canada must be insured. Contributions by employer and employee plus supplementary contributions by the federal government are paid into this insurance fund. Employers are responsible for maintaining the employee's employment record, on which insurance benefits are based if unemployment occurs.

### Canada Pension Plan

The Canada Pension Plan is designed to provide a basic retirement pension for all working Canadians. With few exceptions, participation is compulsory. Employers are responsible for deducting 1.8 percent of employees' wages up to $88.20 per annum, make a matching contribution, and remit the total to the Department of National Revenue, along with income tax deductions.

### Health Insurance

The Ontario Health Insurance Plan requires an employer of not less than 15 employees to provide for group participation; for 6-14 employees the insurance plan is not mandatory but may be arranged. Employers are required to make specified payroll deductions and remit same to the designated agency. Employer participation in the cost of the plan is not compulsory.

### Cost of Fringe Benefits

While it is difficult to calculate an actual cost to the employer for fringe benefits, since labour contracts vary, a recent unofficial survey placed the average at 22 percent of total wages for manufacturing payrolls. The figure includes such items as vacations, statutory holidays, overtime, pension plans and group insurance protection.

### Employment of Aliens

While Canadian citizenship is not a primary requirement for employment except for some restrictions, aliens must apply for landed immigrant status if employment is to be other than of a very temporary nature. Foreign companies must apply to the Department of Manpower and Immigration for permission to send individuals or groups of supervisory or technical personnel to Canada for temporary employment.

## TAXES

The year 1972 marked the introduction of major changes in Canada's income taxes. The following paragraphs are a limited summary of the major points involved.

### Federal Corporation Tax

Federal income tax is levied on business firms in Ontario by application of scheduled rates on taxable income (after deductions). Tax payments are made in monthly instalments throughout the year to the federal Department of National Revenue.

### Provincial Corporation Tax

Ontario levies a provincial corporation income tax of 12 per cent, calculated on the same basis as the federal tax. Also, an annual "Capital Tax" of 1/5 of one per cent is levied on the paid-up capital of a corporation.

### Federal-Provincial Arrangements

A federal-provincial arrangement provides for a reduction (abatement) of 10 percentage points in the federal tax rates to allow for provincial income taxes. The Corporate Tax Rate Schedules shown in Appendix B reflect the combined federal and provincial income tax rates applicable in the Province of Ontario after allowing for the federal abatement.

### Deductions

Certain deductions are permitted in computing income and taxable income. These include municipal real estate tax, reserves for bad debts, interest on borrowed money, contributions to registered pension plans, etc.

### Capital Cost Allowances

Capital cost allowances permit deductions in respect to the cost of depreciable capital assets. These are computed on the diminishing balance principle and some examples are as follows—brick building—5 percent annually; frame building—10 percent annually; automobiles and trucks—30 percent annually; production machinery—20 percent annually.

### Machinery and Equipment

The Federal Government passed legislation in 1973 to permit accelerated depreciation of the cost of machinery used for manufacturing or processing.

### Subsidiaries of Foreign Companies

When a non-resident company is carrying on business in Ontario through a resident subsidiary operation the total income of the subsidiary, whether earned in Canada or elsewhere is subject to income tax in Canada. The subsidiary may claim a credit for taxes paid to a foreign country, as can any Canadian company.

### Branch Operations

When a non-resident company is carrying on business in Ontario through a branch operation (without local incorporation), it is liable to income tax on that proportion of income that may reasonably be attributed to activities carried on in Canada through its Canadian branch. Satisfactory separate accounts must be kept to facilitate the determination of branch income. In addition, a 15 per cent Branch Tax is levied on after-tax income. Certain allowances are made for new capital investment and working capital additions each year. This tax applies to the after-tax income which is retained in Canada or remitted to the foreign country.

### Dividends of Subsidiaries

A Canadian withholding tax on dividends, royalties and similar payments remitted to a parent company in a foreign country by a Canadian subsidiary is levied at 15 percent per annum. This rate is reduced to 10 percent for companies in which Canadians hold not less than 25 percent equity, and which have not less than 25 percent Canadian directors, or at least 25 percent of its stock is available to Canadians through listing on a Canadian stock exchange.

### Reciprocal Tax Treaties

Canada has signed tax agreements with most countries whereby Canadian taxes on income earned in Canada by a foreign investor are normally available as full or partial credit against taxes payable thereon in the investor's country of residence. The question of tax liability on income earned abroad should be clarified with tax authorities in the investor's country of residence.

**Personal Income Tax** Every person resident in Canada at any time in a year (as determined) is liable for personal income tax on his income for the year from all sources inside or outside Canada. The determination of whether a person is resident is a question of fact, but any individual who stays in Canada for 183 days or more, in a year, is deemed to have been a resident in that year. For table of current tax rates see Appendix C.

**Deductions** In addition to the personal exemptions of the taxpayer, deductions are permitted for dependents, medical expenses, charitable donations, union and professional dues, pension contributions etc.

**Payment of Tax** In Ontario, provincial taxes on individual income are collected by the federal government. The Ontario provincial rate is about 30 percent of the federal basic tax and the provincial tax is remitted by the federal government to the Ontario Government. Federal and Provincial taxes are paid together and only one return is required. See Appendix C.

**Capital Gains Tax** **Corporations**—One-half of net capital gains realized after 1971 are included in income and taxed at normal corporate rates. One-half of net capital losses may be carried back one year and forward any number of years, being applied against net taxable capital gains, until absorbed.

**Individuals**—One-half of net capital gains realized after 1971 are included in income and taxed at normal personal rates. One-half of net capital losses up to $1,000 are deductible from other income for the year. Any excess may be carried back one year first and then forward indefinitely to be used against capital gains or the annual $1,000 of other income.

An individual's personal residence and up to one acre of land on which the house is situated are exempt.

**Federal Sales Tax** The Canadian government imposes a general sales tax on the manufacturer's selling price of goods manufactured in Canada and on the duty-paid value of imported goods. This tax is payable at the manufacturer's level at the time of delivery to the purchaser, or by the importer at the time of importation. Numerous tax equalization measures are authorized to reduce inequities arising from manufacturers selling at different levels of distribution. Exemptions are allowed on certain raw materials, a wide range of production equipment and on some categories of consumable materials. Scientific research equipment purchased by manufacturers for use in the testing or development of new products or new processes is exempt from this tax.

Manufacturers or producers (including remanufacturers and rebuilders) of goods subject to federal sales tax are required to obtain a sales tax licence. Licensed manufacturers are permitted to buy or import materials for further manufacture free of sales tax, by quoting their licence number and certifying that these materials are to be used in, wrought into, or attached to taxable goods for sale.

**Federal Excise Tax** In addition to the federal sales tax, an excise tax is imposed on specified goods either manufactured in Canada or imported into Canada. The list includes jewellery, cigarettes, tobacco, alcoholic beverages, etc.

Manufacturers of such goods must obtain a licence for excise tax purposes, and may import free from excise tax, excisable goods that are to be incorporated into and form a constituent or component part of an article subject to excise tax, providing they quote their licence number and relevant certificate. The procedure for filing returns and paying excise tax is similar to that for federal sales tax.

**Ontario Sales Tax** The Ontario government levies a direct sales tax of 7 percent on goods consumed, used or sold within the province. The tax is levied on the basis of the selling price to the ultimate user or consumer. Retail vendors are required to obtain licences and maintain adequate records of sales. Some categories exempt from this provincial tax are: food, books, fuels, farm implements, livestock, feed; goods consumed in manufacturing or production. The numerous exceptions and the qualifications involved should be investigated.

**Municipal Taxes** Municipalities in Ontario levy a local tax on land and buildings used for industrial purposes. An equalized system of assessment is being introduced for all communities.

## CANADIAN CUSTOMS

### Administration

The Canadian Customs Act and the Canadian Customs Tariff are administered by the federal Department of National Revenue, Ottawa. Customs officials are located at numerous ports of entry and in regional offices across Canada.

### Customs Tariffs on Imports

The Canadian customs tariffs on imported goods are moderately protective and the rates of duty for each tariff item are set forth as follows:

(a) **British Preferential Tariff**—applicable to British Commonwealth countries such as Britain, Australia, New Zealand, Ceylon, the countries of the Commonwealth Caribbean, and in addition, the Republics of Ireland and South Africa.

(b) **Most-Favoured-Nation Tariff**—applicable to United States, France, Italy, West Germany, Belgium, Holland, Sweden, Norway, Denmark etc. This arrangement has been negotiated through treaties or through the General Agreement on Tariffs and Trade (GATT).

(c) **General Tariff**—applicable to all countries not entitled to treatment under (a) and (b) above.

(d) **Tariff Preference for Canadian Goods Abroad**—Canadian-made goods enjoy reciprocal treatment under the British Preferential Tariff outlined in (a) above.

### Classifications

The classification of the many tariff items and sub-items is based on differing criteria. While the majority of the classifications refer to specific commodities, many are defined by the component material of chief value. Others refer solely to end use, some have class or kind "made" or "not made in Canada" as the basis for distinction, while others are combinations of the foregoing.

### Rates of Duty

Rates of duty are usually levied either on an "ad valorem" or "specific" basis. The former refers to duty charged as a percentage of the value of the item, e.g., 7½ percent "ad valorem". The latter refers to duty charged by unit of weight or other measure of quantity. In some instances, a compound duty is levied, e.g., 25 percent "ad valorem" plus 5 cents per pound.

### Valuation for Duty

The main principle of the provisions of the Customs Act is that the value for duty is the fair market value of the goods in the country of origin. A number of modifying rules provide for circumstances where other factors must be given consideration in determining value for duty. An example is the method of calculating value for duty based on full factory (production) costs, plus a percentage advance for administration costs, selling costs and profit. This formula is applied to materials and components being imported for use in the process of manufacture or production of goods, but not usually sold in the same condition and for the same purpose.

### Temporary Imports

Special concessions have been granted for a number of items which can be imported for a temporary period not exceeding one year to be used in production of goods, or for emergency or experimental purposes.

Most significant to newly established operations is the temporary entry of dies, moulds, patterns and related jigs and fixtures. Such equipment may be entered with duty levied on 1/60th of the appraised value for each month they remain in Canada. A minimum levy of $25.00 for each importation is imposed.

### Duty Drawbacks

A drawback or rebate of customs duties, sales or excise taxes paid can be applied for when imported goods are used for specified purposes. An example is for goods that are used or consumed in, wrought into or attached to, any articles manufactured or produced in Canada and subsequently exported. A drawback of 99 percent of the duties and/or taxes may be allowed.

### Made in Canada

For the purposes of the Customs Tariff, articles shall not be deemed to be of a class or kind made in Canada unless established Canadian industry is manufacturing at least 10 percent of the normal Canadian consumption. In addition, each article must be determined to be of substantial Canadian content.

There are a number of items in the Customs Tariff authorizing a lower rate of duty for imported goods of a class or kind not made in Canada than for goods of a class or kind made in Canada.

### Processing of Canadian Goods Abroad

Permission can be obtained to export Canadian goods for any process of manufacture and subsequent re-importation, with remission of duty on all or a percentage of the Canadian content.

### Marking of Imported Goods

While there is no general requirement that goods imported into Canada must bear "country of origin" markings, the requirement is set forth for certain articles under the Customs Tariff. This point should be investigated before goods are shipped. Copies of the applicable Memorandum D-42 are available from Collectors of Customs at ports of entry.

### Anti-Dumping Duty

The Anti-Dumping Act provides that, in cases where goods are dumped, i.e., the value for duty is less than the fair market value, and the action has caused, is causing, or is likely to cause material injury to the production of like goods in Canada, or has materially retarded or is materially retarding the establishment of the production in Canada, of like goods, as determined by the Anti-Dumping Tribunal, an anti-dumping duty will be imposed.

### Machinery and Equipment Imports

A considerable range of machinery and related equipment is not available from Canadian production and may be imported duty free. Applications may be made for remission of duty on items classifiable under Tariff Item 42700-1 either before or not later than 90 days after date of customs clearance.

## GOVERNMENT ASSISTANCE TO INDUSTRY

### Ontario Programs

#### Financial

Although Ontario's overall industrial expansion traditionally leads the nation, certain slow-growth and less-developed regions have lagged behind the rest of the economy. To stimulate economic activity and industrial expansion and provide employment opportunities in these municipalities, the Ontario Government has a comprehensive program of financial assistance available to qualifying companies wishing to locate new manufacturing plants or expand existing operations in Ontario. Details of the program are available on request to the Ministry of Industry and Tourism.

Eligible companies are those engaged in secondary manufacturing as opposed to those engaged in the primary industries such as mining, logging, fishing and agriculture, and to those engaged in the service industries as defined by the Ontario Development Corporation:

Ontario law does not permit the granting of incentives to any industrial, business or commercial enterprise by municipal councils.

#### Trade and Industrial Development

The Business Development Division of the Ministry of Industry and Tourism is the focal point of the government of Ontario for industrial inquiries in matters relating to trade and industrial development.

The Industrial Development Branch offers programs and services such as:
—industrial location services, licensing and joint venture opportunities, new product and production sourcing, and industrial technology services.

The Trade Development Branch assists Ontario manufacturers to export products and services:—through outgoing and incoming sales missions, trade fair support, warehousing and distribution abroad, export training and education programs and support for participation in engineering contracts in other countries.

### Federal Programs

#### Regional Incentives

The federal Department of Regional Economic Expansion (DREE) also administers a financial incentives program for designated slow-growth regions in all provinces of Canada. In Ontario the qualified regions are located in the eastern and northern parts of the province.

Primarily, incentives are available for the expansion or modernization of a plant not to exceed the lesser of $6 million or 20 percent of the approved capital costs. Secondary development incentives are available for the establishment or expansion of a plant to manufacture or process a new product in an amount not to exceed 25 percent of the approved capital costs plus $5,000 for each job created.

#### Other Assistance and Development Programs

Once established as an Ontario industry, a company may be in a position to take advantage of a number of research, development and adjustment programs offered by the Federal Government. These are shown below:

(1) **Automotive Adjustment Assistance Program (AAA)**
**Objectives:** The main purpose of this program is to financially assist Canadian manufacturers of original equipment automotive parts, tooling, specified commercial vehicles, and suppliers of material, to adjust to the new market environment created by the Canada-United States Agreement on Automotive Products.

(2) **Building Equipment, Accessories and Materials Program (BEAM)**
**Objectives:** The BEAM Program has been established with the overall objectives of increasing productivity and efficiency in the manufacture and use of building equipment accessories and materials, thereby realizing economic gains from the industry's domestic and foreign activities. The Program is being implemented by the Department of Industry, Trade and Commerce in cooperation with industry, chiefly through the Construction Industry Development Council.

(3) **Defence Industry Productivity Program (DIP)**
**Objectives:** The Defence Industry Productivity Program combines the former Industry Modernization for Defence Exports Program and the Development Sharing Program.

The Program is designed to enhance the technological competence of the Canadian defence industry in its export activities by providing financial assistance to industrial firms for selected projects.

(4) **General Adjustment Assistance Program (GAAP)**
**Objectives:** To assist Canadian manufacturing industry to adjust to, and compete effectively in, the new trading environmnent resulting from the Kennedy Round Agreements.

(5) **Industrial Design Assistance Program (IDAP)**
**Objectives:** To improve the competitive position of Canadian industry by achieving improvement in the quality of industrial design for its products.

(6) **Industrial Research and Development Incentives Act (IRDIA)**
**Objectives:** To expand scientific research and development in Canada which, if successful, is likely to benefit Canada.

(7) **Machinery Program (MACH)**
**Objectives:** To allow users of machinery to acquire capital equipment at the lowest possible cost and, at the same time, enable machinery producers to derive maximum incentive and encouragement from the tariff.

(8) **Program for the Advancement of Industrial Technology (PAIT)**
**Objectives:** To encourage industrial growth and production by supporting the development of new or improved products and processes for commercial markets.

(9) **Pharmaceutical Industry Development Assistance (PIDA)**
**Objectives:** To increase the efficiency of drug production and marketing in Canada, and to assist in lowering drug prices.

(10) **Ship Construction Subsidy Regulations (SCSR)**
**Objectives:** To assist the shipbuilding industry by subsidizing construction at a level comparable to the tariff protection given to other industries, and encourage the rationalization of the industry.

## GENERAL INFORMATION

### Patents:

The Canadian patent system is based on the same concept as that of most countries, differing in details only. Since foreign patents do not provide protection in Canada, foreign inventors should apply for Canadian patents to the Commissioner of Patents, Ottawa, Ontario. The application must meet all the requirements of the Patent Act and the Patent Rules. For example, no patent may be allowed if the invention was published anywhere in the world more than two years before the application was filed in Canada, and would be invalid if it were granted. The application will also be refused if the invention has been used publicly or sold in Canada more than two years before the application is filed.

A Canadian patent is valid in Canada for a 17 year period and no annual fee is required to keep it in force, providing the invention is worked in this country within 3 years of patenting. Many foreign principals enter the Canadian market by licence and royalty or joint venture agreements with existing Canadian companies. The Industrial Development Branch provides a service to bring interested parties together, details of which can be obtained from the nearest Ontario government office.

### Trade Marks:

The Trade Marks Act governs trade mark registration and provides for the registration of trade marks used in association with goods or services. Canada conforms to the provisions of the International Convention for the Protection of Industrial Property, which covers registration of foreign trade marks under special circumstances. Trade marks are valid for 15 years and are renewable. Applications for registration should be sent to the Registrar of Trade Marks, Department of Consumer and Corporate Affairs, Ottawa, Ontario.

### Copyrights:

Canada adheres to both the Universal and International Copyright Conventions. Applications for registration of copyrights should be sent to the Federal Commissioner of Patents, Ottawa, Ontario.

### Industrial Designs:

Industrial designs for the ornamentation of any article of manufacture may be registered in Canada. Applications for registration should be sent to the Federal Commissioner of Patents, Ottawa, Ontario.

### Transportation:

Ontario's extensive transportation facilities enable industry to obtain raw materials and distribute finished products at reasonable costs. From Ontario's central position in Canada, goods move easily to the eastern or western provinces, or southwards to the United States by road, rail, air and water. The Trans-Canada Highway system stretches over 4,000 miles from Halifax on the Atlantic to Vancouver on the Pacific, and the middle 1,450 miles span Ontario. The St. Lawrence Seaway/Great Lakes Waterway provides a shipping route from the Atlantic Ocean some 2,300 miles inland to the head of Lake Superior, with numerous ports of discharge enroute. Railways, steamship companies and major ports have cooperated in development of modern container-handling facilities for overseas shipments. Canada's two major trans-continental railway systems service the entire country and provide direct connections at border points with United States railways.

Single through freight rate schedules to all points in the U.S.A. and Mexico are available from Ontario points of origin. Two major Canadian airlines form the nucleus of Canada's air freight and passenger service, supplemented by a number of smaller domestic air carriers. Worldwide air freight and passenger service is available from Ontario's Toronto International Airport. The truck transportation industry is highly organized and intercity, interprovincial and international cargo transportation is readily available.

### Utilities:

Abundant supplies of electrical power, natural gas and oil are available to Ontario industry. An Ontario government agency controls the provision, distribution and sale of electric power at minimum cost.

### Banks:

Ontario's communities are well served through the branch system of Canada's major chartered banks, which extends into all provinces and many foreign countries. A complete range of banking services is available to the businessman from the nearest branch of his selected bank.

The Bank of Canada is the federal regulatory institution, which controls bank reserves, interest rates and foreign exchange for all banking operations.

**Product Standards:** The Canadian Standards Association (CSA) has the responsibility for establishing standards on products, processes and procedures. For example, all electrical apparatus and equipment must be CSA certified.

The Standards Branch of the Department of Consumer and Corporate Affairs, Ottawa, is responsible for testing and approval of weighing and measuring devices.

The Food and Drug Directorate of the Department of National Health and Welfare, Ottawa, is responsible for all phases of the food, drug, cosmetic and medical devices fields. Particular emphasis is placed on the control of plant facilities, ingredients, formulae, packaging, labelling and advertising.

**HEAD OFFICE**

Industrial Development Branch
Business Development Division
MINISTRY OF INDUSTRY AND TOURISM
Hearst Block, Queen's Park
900 Bay Street
Toronto, Ontario, Canada
M7A 1S8

## APPENDIX A
## ONTARIO REGIONAL OFFICES OF THE MINISTRY OF INDUSTRY AND TOURISM

**Ontario**

Arnprior
146 John St. North
Box 308
Tel: (613) 623-3153

Barrie
Ontario Travel
Information Centre
Highway #400
Tel: (705) 726-0932

Brockville
Brockville City Hall
Victoria Bldg., 2nd Floor
King St. East
Tel: (613) 342-5522

Cornwall
903 Brookdale Avenue
Tel: (613) 933-2420

Huntsville
15 Main Street E.
Box 1410
Tel: (705) 789-4448

Kenora
808 Robertson St.
Box 450
Tel: (807) 468-7622
468-7933

Kitchener
305 King St. West
Tel: (519) 742-8301/2

London
195 Dufferin St.
6th Floor, Suite 607
Tel: (519) 433-8105

Niagara Falls
5629 Falls Ave.
Tel: (416) 358-3761

North Bay
366 McIntyre St. W.
Box 885
Tel: (705) 472-9660

Orillia
73 Mississaga St. E.
Sterling Trust Bldg.
2nd Floor
Box 488
Tel: (705) 325-1363

Ottawa
1 Nicholas St.
11th Floor, Suite 1100
Tel: (613) 237-6280

Owen Sound
901 Third Ave. E.
Box 485
Tel: (519) 376-3875

Peterborough
139 George St. N.
Box 386
Tel: (705) 742-3459

St. Catharines
195 King St., Room 208
Tel: (416) 682-8373

Sarnia
Blue Water Bridge, Box 151
Tel: (519) 344-3841

Sault Ste. Marie
120 Huron St., Box 1196
Tel: (705) 253-1103

Sudbury
767 Barrydowne Road
Tel: (705) 560-1330

Thunder Bay
Twin City Gas Bldg.
3rd Floor
135 N. Syndicate Ave.
Tel: (807) 623-9501

Timmins
261 Third Avenue
Tel: (705) 264-5393

Windsor
Suite 206
875 Ouellette Avenue
Tel: (519) 254-6235

# INTERNATIONAL OFFICES OF THE MINISTRY OF INDUSTRY AND TOURISM

## Americas

Atlanta
GOVERNMENT OF ONTARIO, CANADA
Suite 1834
230 Peachtree St. N.W.
Atlanta, Georgia 30303
U.S.A.

Boston
GOVERNMENT OF ONTARIO, CANADA
Suite 412
607 Boylston Street
Boston, Massachusetts 02116
U.S.A.

Chicago
GOVERNMENT OF ONTARIO, CANADA
Suite 1306
233 North Michigan Ave.
Chicago, Illinois 60601
U.S.A.

Cleveland
GOVERNMENT OF ONTARIO, CANADA
Suite 726
Diamond Shamrock Bldg.
1100 Superior Ave.
Cleveland, Ohio 44114
U.S.A.

Los Angeles
GOVERNMENT OF ONTARIO, CANADA
Suite 1001
606 South Olive Street
Los Angeles, California 90014
U.S.A.

Minneapolis
GOVERNMENT OF ONTARIO, CANADA
Chamber of Commerce Bldg.
Room 1256
15 South 5th Street
Minneapolis, Minnesota 55402
U.S.A.

New York
GOVERNMENT OF ONTARIO, CANADA
Suite 1080
1251 Avenue of the Americas
New York, N.Y. 10019
U.S.A.

Mexico City
GOVERNMENT OF ONTARIO, CANADA
Paseo de la Reforma 382-4º Piso
Mexico 6, D.F. Mexico

Sao Paulo
GOVERNMENT OF ONTARIO, CANADA
Rua Augusta 1371
Sobreloja 18
Sao Paulo 01385, Brazil

## Overseas

Brussels
GOVERNMENT OF ONTARIO, CANADA
28 Rue de la Loi
1040 Brussels, Belgium

Frankfurt
GOVERNMENT OF ONTARIO, CANADA
Bockenheimer, Landstrasse 51/53
6000 Frankfurt, West Germany

London
GOVERNMENT OF ONTARIO, CANADA
Charles II St.
London SW1Y 4QS, England

Milan
GOVERNMENT OF ONTARIO, CANADA
Via Senato 7
20121 Milan, Italy

Stockholm
GOVERNMENT OF ONTARIO, CANADA
Strandvagen 7B
Stockholm, Sweden

Tokyo
GOVERNMENT OF ONTARIO, CANADA
World Trade Center Bldg.
Room 1219
4-1, Hamamatsu-cho
2-Chome
Minato-Ku
Tokyo 105, Japan

Vienna
GOVERNMENT OF ONTARIO, CANADA
Gigergasse 1
Vienna 1030, Austria

## APPENDIX B
### Combined Federal-Provincial Corporate Tax Rates Province of Ontario

The combined Federal-Provincial tax rates applicable in Ontario listed here reflect the Ontario corporate income tax rate of 12% and the Federal abatement of 10% as explained on page 11.

These rates are firm for 1973 but are subject to periodic review by the Federal parliament commencing in April of 1974.

1. **For all corporations except those eligible for the small-business incentive.**

| | On taxable income from manufacturing and processing operations | On taxable income from all other operations |
|---|---|---|
| 1973 | 42 | 51 |
| 1974 | 42 | 50 |
| 1975 | 42 | 49 |
| 1976 | 42 | 48 |

2. **For corporations eligible for the small-business incentive,** (basically private corporations controlled by Canadian residents.)

| | | |
|---|---|---|
| 1973 | 22 | 27 |
| 1974 | 22 | 27 |
| 1975 | 22 | 27 |
| 1976 | 22 | 27 |

**Note:** The corporation ceases to be eligible for this lower rate when it has accumulated $400,000 of taxable income. Eligibility for the special low rate of tax can be maintained by the payment of taxable dividends.

## APPENDIX C
### Personal Income Tax Rate Schedule for 1974

| Taxable Income | Federal Tax | Provincial Tax |
|---|---|---|
| $500 or less | 15% | 30.5% of Federal Tax |
| 500 | $60 + 18% on next $500 | " |
| 1,000 | 150 + 19% on next 1,000 | " |
| 2,000 | 340 + 20% on next 1,000 | " |
| 3,000 | 540 + 21% on next 2,000 | " |
| 5,000 | 960 + 23% on next 2,000 | " |
| 7,000 | 1,420 + 25% on next 2,000 | " |
| 9,000 | 1,920 + 27% on next 2,000 | " |
| 11,000 | 2,460 + 31% on next 3,000 | " |
| 14,000 | 3,390 + 35% on next 10,000 | " |
| 24,000 | 6,890 + 39% on next 15,000 | " |
| 39,000 | 12,740 + 43% on next 21,000 | " |
| 60,000 | 21,770 + 47% on remainder | " |

Ontario

Ministry of
Industry and
Tourism

Government of Ontario
Parliament Buildings
Toronto, Canada
M7A 1S8

Claude Bennett,
Minister
Fred J. Pillgrem,
Deputy Minister

Ontario Canada

PRINTED IN CANADA